

Message Text

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17/46

ACTION EUR-12

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 L-02 INRE-00

CIAE-00 INR-07 NSAE-00 MC-02 ACDA-05 SAJ-01 TRSE-00

OMB-01 COME-00 EB-07 CIEP-01 NSCE-00 SSO-00 /064 W

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O R 201712Z FEB 75

FM AMEMBASSY OSLO

TO SECSTATE WASHDC IMMEDIATE 9333

SECDEF WASHDC IMMEDIATE

OSAF WASHDC

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

USMISSION NATO

USCINCEUR VAIHINGEN GER

AFSC ANDREWS AFB VA

ASD WRIGHT PATTERSON AFB OM

C O N F I D E N T I A L OSLO 0726

C O R R E C T E D C O P Y LAST PARA LINE 3 FOURTH WORD

E.O. 11652: GDS

TAGS: BEXP, MASS, NATO, NO, SW

SUBJ: AIRCRAFT REPLACEMENT ISSUE

OSAF FOR ASST SEC SHRONTZ

1. THIS LETTER AND QUESTIONS HAVE RECEIVED VERBAL APPROVAL FROM THE NORWEGIAN MOD AND WILL BE FORWARDED BY LETTER FROM NORWAY ON 21 FEBRUARY. THEY ARE BEING FORWARDED BY MESSAGE TONIGHT IN THE INTEREST OF GETTING THEM TO THE ACTION ADDRESSEES AS SOON AS POSSIBLE.

QUOTE

CHIRMAN OF THE

MNFP MINISTERIAL COMMITTEE

OSLO, 20TH FEBRUARY 1975.

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REF: 3102/75/A/ST.RAD/792.0.

TO THE SECRETARY OF DEFENSE
DOD/SAFIL
ATTN: MR. GRANK A. SHRONTZ
THE PENTAGON
WASHINGTON D.C.

SUBJECT: THE MULTINATIONAL FIGHTER PROGRAM FOR REPLACEMENT
OF F104G AND OTHER AIRCRAFT.

1. THE MINISTERS OF DEFENSE OF BELGIUM, DENMARK, THE NETHERLANDS AND NORWAY MET IN BRUSSELS ON 17 FEBRUARY 1975 AND DISCUSSED THEIR COMMON EFFORT TO REPLACE THE F-104G AND OTHER AIRCRAFT. AFTER HAVING EXAMINED THE STEERING COMMITTEE'S REPORT, THEY EXPRESSED AGAIN THEIR DESIRE TO ARRIVE AT A COMMON SOLUTION FOR THE PROCUREMENT OF AN AIRCRAFT WHICH MET THE REQUIREMENTS OF THE DEFENSIVE POSTURE OF THE ALLIANCE.

2. THEY TOOK NOTE OF THE FACT THAT THE THREE AIRCRAFT UNDER CONSIDERATION COVER THIS REQUIREMENT, ALTHOUGH NOT TO THE SAME DEGREE.

3. ON THE OTHER HAND THEY CONSIDER THAT THE FINANCIAL AND ECONOMIC CONDITIONS, AS PRESENTED IN THE OFFERS FROM THE PRODUCING COUNTRIES, DID NOT YET ENABLE THEM TO MAKE A FINAL DECISION.

4. CONSEQUENTLY, THEY HAVE DECIDED TO ASK, ON SHORT NOTICE, THE GOVERNMENTS OF THE UNITED STATES OF AMERICA, FRANCE AND SWEDEN FOR FURTHER CLARIFICATIONS OF SOME SPECIFIC QUESTIONS. THE QUESTIONS TO THE USA WILL BE FOUND AS ANNEX TO THIS LETTER AND ARE SUBMITTED TO YOU FOR YOUR KIND CONSIDERATION.

FURTHERMORE IT IS BROUGHT TO YOUR ATTENTION THAT BOTH THE FRENCH AND SWEDISH GOVERNMENTS HAVE BEEN REQUESTED TO REVIEW THE PRICES SUBMITTED ON JANUARY 16TH LAST, AND POSSIBLY HAVE THEM REDUCED.

5. IN ORDER TO EXPLAIN AND DISCUSS WITH YOU THE DIFFERENT ISSUES
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RAISED IN THE ENCLOSED QUESTIONNAIRE, A GROUP OF REPRESENTATIVES OF THE FOUR COUNTRIES HAS BEEN ESTABLISHED. IT IS THE INTENTION OF THE GROUP, WHICH CONSIST OF REPRESENTATIVES FROM THE MINISTRIES OF FOREIGN AFFAIRS, ECONOMICAL AFFAIRS, FINANCE AND DEFENSE, TO VISIT YOU ON THE 25TH AND 26TH FEBRUARY IN WASHINGTON, AND IT IS HOPED THAT THESE DATES ALSO ARE CONVENIENT FOR YOU. IT IS THE DESIRE OF THE FOUR MINISTERS OF DEFENSE THAT YOU MAKE AVAILABLE, AT THE TIME OF THE VISIT,

WRITTEN REPLIES TO THE QUESTIONNAIRE, BUT THAT YOU, IF YOU SO WISH, CONFIRM AND SEND ADDITIONAL AND FINAL WRITTEN ANSWERS TO THE SECRETARY OF THE MNFP IN BRUSSELS, THE LATTER TO BE RECEIVED NOT LATER THAN 6TH MARCH 12.00 HRS. LOCAL TIME.

YOUR WRITTEN REPLIES OF THE 25TH AND 26TH FEBRUARY AND EVENTUALLY OF THE 6TH MARCH ARE KINDLY REQUESTED TO BE PROVIDED IN 13 COPIES, PLUS ONE EXTRA COPY TO BE SENT DIRECTLY AS INFORMATION TO THE MINISTRIES OF DEFENSE IN THE FOUR CAPITALS.

6. IT IS THOUGHT TO BE MOST HELPFUL IF YOU, IF NEED BE, DURING 6TH AND 7TH MARCH COULD HAVE REPRESENTATIVES ON CALL IN BRUSSELS TO FURTHER CLARIFY YOUR REPLIES.

ON BEHALF OF THE FOUR COUNTRIES
ALV JAKOB FOSTERVOLL
NORWEGIAN MINISTER OF DEFENSE,
CHAIRMAN OF THE MNFP MINISTERIAL COMMITTEE

COPY TO:

1) BELGIAN AIR FORCE STAFF
ATTN: GEN. A. VERLOOY
PLACE DAILLY
B-1030BRUXELLES, BELGIUM

2) DEFENCE COMMAND DENMARK
ATTN. COL. B. FAABERG
PO BOX 202
DK/2950
VEDBAEK-DENMARK

3) ROYAL NETHERLANDS AIR FORCE
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ATTN: LT GEN IR H.K. STOKLA
DIRECTOR OF AIR MATERIAL
LEV.D. BOSCHSTRAAT 8
'S GRAVENHAGE, NEDERLAND

4) MULTINATIONAL FIGHTER PROGRAM
SECRETARIAT
AV. DU 2E REGT DE LANCIERS 2
B-1040/BURXELLES, BELGIUM

QUESTIONS TO THE US GOVERNMENT

1. PRICES.

WILL YOU GUARANTEE TO THE FOUR COUNTRIES THAT THE "NOT TO EXCEED" PRICE WILL BE MAINTAINED UNDER THE FOLLOWING CIRCUMSTANCES:

A. IN CASE OF SERIOUS FINANCIAL DIFFICULTIES FOR THE PRIME CONTRACTORS.

B. IN CASE THE USAF TOTAL BUY WILL BE LESS THAN 650 A/C.

C. IN CASE THAT THE FOUR COUNTRIES BUY WILL BE LESS THAN 348 A/C.

D. IN CASE OF DELAYS IN THE PRESENTLY FORESEEN DELIVERY SCHEDULE.

E. IN CASE OF INCREASES IN THE EXPECTED PRICES FOR THE RADAR AND GFAE.

2. COMPETITIVENESS.

A. AS A COMMITTEE OF ARBITRATION WOULD BE EMPOWERED ON A CASE BY CASE BASIS, TO SETTLE ANY DISPUTES WHICH MAY ARISE REGARDING THE TERM "REASONABLE COMPETITIVE", WHAT WOULD BE THE INSTRUCTIONS AND POWERS OF THIS COMMITTEE?

B. IN A CASE WHERE AS A RESULT OF THIS "REASONABLE COMPETITIVENESS" THE CO-PRODUCTION PERCENTAGES FORESEEN (40-10-
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15 PERCENT) WERE TO BE DISPUTED, HOW WILL THE US GOVERNMENT PROPOSE TO ATTAIN THE GUARANTEE LEVELS OF CO-PRODUCTION OF 58 PERCENT FOR 1000 A/C AND OF 80 PERCENT FOR 1500 AIRCRAFT?

C. IS THE US GOVERNMENT PREPARED TO CONTINUE CO-PRODUCTION ON THE SAME BASIS BEYOND THE 100 PERCENT COMPENSATION WITHOUT ANY RESTRICTIONS FOR THE AIRCRAFT TO BE PROVIDED FOR THE USAF AND THIRD COUNTRIES?

D. IS THE US GOVERNMENT PREPARED TO CHARGE TO ALL THIRD COUNTRIES A STANDARD PRICE BASED ON A EUROPEAN CO-PRODUCTION OF 15 PERCENT OF THESE AIRCRAFT?

3. UNCERTAINTY WITH REGARD TO THE RATE OF EXCHANGE OF THE DOLLAR AND THE PRICE ESCALATION.

A. IN VIEW OF THE FACT THAT THERE IS NO CEILING IN THE PRICE ESCALATION IN THE US OFFER, WHAT ARE THE FORECAST OF THE US GOVERNMENT WITH REGARD TO THE PRICE EXCALATION IN THE AERONAUTICAL SECTOR.

B. TO WHAT EXTENT IS THE US GOVERNMENT WILLING TO PERMIT THAT

THE CONTRACT BE CONCLUDED IN THE NATIONAL CURRENCIES OF THE FOUR COUNTRIES OR TO ACCEPT SOME OTHER FORMULAE TO LIMIT THE MONETARY RISKS.

4. PROGRAM MANAGEMENT.

IS THE US GOVERNMENT PREPARED TO HAVE THE 4 COUNTRIES PARTICIPATE IN ALL DECISIONS WHICH MIGHT RESULT IN AN INCREASE IN THE "NOT TO EXCEED" PRICE? IS THE US GOVERNMENT WILLING TO ACCEPT THAT THE 4 COUNTRIES IN CASE OF NO ACCEPTANCE-WILL NOT HAVE TO BEAR FINANCIAL CONSEQUENCES.

UNQUOTE

2. NORWEGIAN DELEGATION IS GENERALHAMRE, CHAIRMAN OF THE STEERING COMMITTEE, COLONEL BJORGE-HANSEN, MR. SYVERTSEN, FINANCE MINISTRY, MR. FREIHOW, MINISTRY OF FOREIGN AFFAIRS. THEIR ITINERARY IS TO DEPART OSLO 1320 LOCAL. SUNDAY, ARRIVING 2243 WASHINGTON TIME AT DULLES. THEIR PLANNED DEPARTURE
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IS 2100 HOURS LOCAL ON WEDNES, 26 FEBRUARY FROM DULLES. THEY ARE ADVISING NORWEGIAN MISSION.
BYRNE

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Message Attributes

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Margaret P. Grafeld
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